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DAILY DIGEST

Date: APR 10 1951

- NOTE:
1. This summary of significant reports has been prepared primarily for the internal use of the Office of Current Intelligence. It does not represent a complete coverage of all current reports in CIA or in the Office of Current Intelligence.
 2. Comments represent the preliminary views of the Office of Current Intelligence.
 3. Marginal letter indications are defined as follows:
 - "A" - items indicating Soviet-Communist intentions or capabilities
 - "B" - important regional developments not necessarily related to Soviet/communist intentions or capabilities
 - "C" - other information indicating trends and potential developments

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SECTION 1 (SOVIET)

- "A" USSR. Speculation Regarding "TASS Denial" of Soviet Troops in Manchuria. Emb Moscow comments that the categorical nature and circumstances of the "TASS denial" of Soviet troops in Manchuria indicates that the USSR: (1) attaches special significance to the subject; (2) will undoubtedly utilize the statement now and in the future as "proof" that there are no Soviet troops in the area; and (3) by ignoring the presence of Soviet troops in the Port Arthur-Dairen area authorized by the Sino-Soviet Agreement, is either announcing that such troops have been withdrawn or is suggesting that Port Arthur is a "special area", not included in Manchuria. The Emb points out that if some new form of intervention is impending in Korea, the USSR will utilize the denial to "establish" in advance that the Soviets are not officially involved. On the other hand, it is barely possible that it foreshadows a move for a negotiated settlement. (C Moscow 1775, 7 Apr 51). COMMENT: Should the USSR consider the sending of an international "volunteer" force to Korea, as reports increasingly indicate, the TASS "denial" would serve to refute accusations of Soviet participation.
- "B" EASTERN EUROPE. HUNGARY. Revolt of Soviet Troops Reported. According to reports received by the Swedish newspaper, Stockholms-Tidningen, Soviet troops garrisoned in Szombathely (situated on the Austro-Hungarian frontier) mutinied sometime in March. The unrest reportedly spread to the Kossuth Officers Academy located in the same city and was put down with ruthless severity after the garrison had been surrounded by recently arrived Soviet troops. Flying squads of the Hungarian political police reportedly silenced the revolt in the Academy only after massacring 270 of the cadets. The newspaper article concluded with the information that ten new Soviet divisions had recently arrived in Hungary. (U Wash. Post, 10 Apr 51). COMMENT: The Headquarters of the Soviet 17th Guards Mechanized Division is located in Szombathely. No evidence has been received to date to substantiate any of the items reported by the Swedish newspaper. The Stockholms-Tidningen has been characterized in the past for its alarmist and sensational reporting.
- "C" POLAND. "Exile Government" Doubts Official's Suicide. "The Polish Government in Exile" in London maintains that the reported Washington suicide on 6 April of their special representative Julius Lukasiewicz is highly improbable. The "Exile Government" claims that it had just received a communication from the representative discussing his plans for the latter part of April. In addition, Lukasiewicz is reported to have given no indication in any recent communications pointing to suicide. (C London 5322, 9 Apr 51; U Wash. Post, 7 Apr 51). COMMENT: According to a Washington press report, a police investigation of Lukasiewicz's death revealed that he had been in poor health for some time. He also had recently received word from a co-worker that his work with the exile government had been a complete failure.

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"C" RUMANIA. Economic Ministries Reorganized. In a splitting up of Rumanian economic ministries, the Ministry of Communications had been divided into a Ministry of Transport and a Ministry of Posts and Telecommunications; the Ministry of Forestry, Timber and Paper has been split into the Ministry of Forestry, Paper and Pulp and the Ministry of Forestry Administration. (R FBIS, 6 Apr 51). COMMENT: The Rumanian changes are in accord with the Satellite trend to narrow the functions of individual ministries and increasingly subordinate them to top level Communist control agencies. The Ministry of Forestry has been in difficulty for some time. In September 1950 it was reorganized in an effort to improve the exploitation of Rumania's timber. More recently the Communist press has accused both management and labor of serious shortcomings, which appear to have led to considerable production cutbacks, especially in the output of coal.

"C" YUGOSLAVIA. Yugoslavs Seek to Assign War Correspondent to Korea. US Amb Allen reports that the editor of Politika has requested US assistance in obtaining permission for a Yugoslav newspaperman to be accredited as a war correspondent in Korea. Amb Allen considers it decidedly in the US interest for Yugoslavia to have its own correspondent in Korea, since articles written by a Yugoslav correspondent would have a greater impact on Yugoslavs than foreign news stories republished in Yugoslav papers. Allen believes that the Yugoslav Government may desire to change its position on Korea from neutrality to active support of the UN, and that the Government wishes to assign a Yugoslav correspondent to Korea in order to develop an internal basis for a change of policy. (C Belgrade 1434, 6 Apr 51). COMMENT: Yugoslav coverage of the Korean war would probably be advantageous not only within Yugoslavia but throughout Eastern Europe in countering Soviet fabrications regarding the Korean war. Since the Yugoslav Government has been gradually moving from its independent position between East and West to one of closer alignment with the West and is now seeking Western military, as well as economic assistance, the Government is probably willing to give moral support to UN action in Korea. However, it is not likely to support any UN action which in its opinion might expand the war in the Far East and thereby weaken Western Europe.

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SECTION 2 (EASTERN)

- "C" IRAN.. Iranian Press Indignant at US-UK Talks on Iran. US Embassy in Tehran reports that editorial reaction in local press of all shades of political inclination to announcement of US-UK meetings currently being held in Washington has been highly adverse. The Iranian press tends to assume that the US and UK have the common intention of preventing implementation of Parliament's decision to nationalize Iran's oil industry. A Tehran paper, KESHLAN, states: "There is nothing more pernicious to the Iranians than a situation in which two foreign governments get together outside of Iran to determine the fate of Iran's resources." (C Tehran 2325, 9 Apr 51).
- "B" ARAB LEAGUE. Arab Concern Over US Financial Aid to Israel. According to US Ambassador Caffery in Cairo, Azzam Pasha, Secretary General of the Arab League, has protested a bill in Congress which would offer a 150 million dollar grant-in-aid to Israel. Azzam showed Caffery a telegram from the King of Yemen in which the latter suggested immediate League action on this issue. Azzam emphasized that passage of this bill would undo any better feeling in the Arab States which the US has been able to bring about and would mean a setback of many years duration to US-Arab relations. (R Cairo 1033, 9 Apr 51; R FBIS, News Ticker, 9 Apr 51). COMMENT: The serious Israeli-Syrian border incidents have undoubtedly intensified the long-term Arab alarm over American financial assistance to Israel. Possible League action on this issue will be considerably influenced by any improvement or deterioration in the tense relations which now exist between Syria and Israel.
- "B" INDONESIA. Cabinet Discussions Fail. Premier-designate Sartono of the Indonesian National Party (PNI) told the press on 8 April that he had failed to reach agreement with the Masjumi (Moslem) Party on the formation of a cabinet. Points of disagreement were PNI insistence on abrogation of the Netherlands-Indonesian Union and reconsideration of comprehensive agreements negotiated by the Dutch and Indonesians in 1949 when sovereignty was transferred. (U NYHT, 9 Apr 51). COMMENT: Sartono may now return his mandate to President Sukarno or he may turn to leftist groups for support. Should he return his mandate, it is reported that the Masjumi will ask Sukarno for a presidential cabinet. Although this course would be unconstitutional, it would provide the most stable government possible under present circumstances and might be excused on the grounds that Indonesia is operating under a provisional constitution.
- "C" Chinese Communist Consulates Opened. Four Chinese Communist consulates were opened 1 April at Djakarta in Java, Medan in Sumatra, Macassar in Celebes, and Banjarmasin in Borneo. (S Djakarta 1391, 7 Apr 51). COMMENT: These consulates will give increased direction and encouragement to Chinese Communist activities in the four largest islands in Indonesia.

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"C" PHILIPPINES. Huk Plans for Violence Toward Americans Questioned. In noting the contents of recently captured Huk documents concerning the murder of two Americans on 20 March, US Embassy Manila now comments that the possibility of a new Huk policy of violence toward Americans "is not so well substantiated as previously supposed". (C Manila 3063, 6 Apr 51). COMMENT: The American business community apparently continues to be deeply concerned over the safety of lives and property.

25X1C "B" Arrests of Chinese Increase. Search of Chinese homes and arrests of Chinese individuals have increased markedly during the past month. [REDACTED] this campaign is largely a racket with officials planting evidence of subversive activities and later demanding a pay-off from alleged suspects. The Chinese community is profoundly concerned but feels helpless to object through the Chinese Embassy, since it is suspected that the Chinese Ambassador is also involved in the racket. This situation is driving some local Chinese into the Communist fold. (C Manila 3063, 6 Apr 51). COMMENT: A plan has reportedly been presented to President Quirino for establishment of a concentration camp for "undesirable" Chinese pending their deportation. Sustained persecution of the Chinese community is likely to add many new recruits to local Communist ranks, particularly if Chinese lose confidence in Chinese Embassy officials. 25X1C

25X1C "A" INDOCHINA. Chinese Invaders Said to Number 2,000. [REDACTED] the group of Chinese who entered Western Tonkin last week numbers 200-300 and may be engaged simply in banditry or raids on the opium poppy harvest. On the other hand, a special emissary of the Tonkin commanding general just returned from Laichau has admitted that the invaders are "organized, if not regular," and that their number is probably closer to 2,000. He adds that the bandit-opium theory is spurious. A marked reticence about this invasion and about Viet Minh operations in the Tonkin delta on the part of the French has been noted by US and British military observers. 25X1C

25X1C [REDACTED] confirms that the invading forces are Chinese but that they are believed to be either (1) Chinese Nationalists or (2) deserters from the regular Chinese Communist Army, possibly including some Viet Minh defectors. The French expect to be able to disarm and intern these forces without encountering resistance. (TS Hanoi 549, 8 Apr 51; USARMA Saigon MC 66-51, 9 Apr 51). COMMENT: In addition to the bandit-opium theory, there has been speculation that this and earlier incursions of Chinese forces into Indochina have been part of Chinese Communist operations against Chinese anti-Communist guerrillas or against anti-Communist mountain tribesmen of Indochina. There is also the much more serious possibility that the current Viet Minh operations in the delta may be designed to screen the entry of regular Chinese Communist forces into Indochina via Western Tonkin or Laos. General De Lattre has expressed fear of the possibility of such a "flanking movement". The latest report, however, indicates that such a development is not yet in process.

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"C" CHINA. Sino-Soviet Decisions on Korea. [REDACTED]

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Tse-tung conferred with Stalin in Moscow in late January and that the following decisions were reached: (1) to expand the Korean conflict by inciting riots in Japan, with the USSR releasing 350,000 Jap POWs for this purpose; (2) to supply Soviet equipment for 160 Chinese divisions by July '51; (3) to train 30,000,000 Chinese ground troops in 1951; and (4) to supply the Chinese with 3,000 Soviet aircraft, "250,000 tons of warships," and 30 submarines. [REDACTED]. COMMENT: The above appears to be simply another of a series of speculative reports on Sino-Soviet decisions. The figures cited are not credible.

"C"

Further Arrests of US Nationals. A priest recently expelled from China confirms a March report of the arrest of six US missionaries in Kwangtung. (C Hong Kong 2930, 7 Apr 51). The Chinese Nationalist press reports the arrest of all foreign personnel--including five US Catholic missionaries--of the Maryknoll orphanage in Kwangtung. (R Reuters, Hong Kong, 6 Apr 51). COMMENT: The arrest of US nationals in Communist China was reported in the Daily Digest of 3, 4 and 6 April. US nationals known to be under arrest now total 16; the number actually under arrest is doubtless higher, as reports from many points are not yet in. The Maryknoll arrests have not been confirmed, but Communist policy in the takeover of other foreign-operated orphanages makes the report credible. A number of the foreign nationals thus far arrested and to be arrested in future--especially those charged with espionage--are expected to be executed or to receive long prison sentences.

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"B" 25X1C Ex-Japanese Officers Training Nationalists on Taiwan. [REDACTED]

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[REDACTED] the former Lt. Gen. NEMOTO Hiroshi is now head of a group of ex-Japanese army officers who are serving as instructors in the Chinese Nationalist army near Taipei. A reported 30 to 40 other Japanese are in Taiwan as technicians. (R Tokyo, PANA, 5 Apr 51). COMMENT: (1) The presence of Japanese advisers on Taiwan has been reported over a long period of time. (2) Reports of a Japanese advisory group, consisting of OKAMURA Reiji, former Japanese commander in China, Admiral HASEGAWA, former Governor of Taiwan, and NISHIMURA Kokei, having arrived in Taiwan to advise on defense and peace treaty matters were forwarded by US Charge Strong from Taipei in July 1950. (3) The Chinese Communist press and various [REDACTED] reports have indicated that NEMOTO, former C-in-C of Japanese forces in North China, arrived in Taiwan in July 1948 to make preparations for an organization of Japanese airmen.

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"A" 25X1C KOREA. Possibility of Bacteriological Warfare. [REDACTED]

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[REDACTED] a Chinese Communist bacteriologist left Hong Kong in mid-March 1951 under orders for Peiping. Prior to departure he asserted that the Chinese Communists possibly will start bacteriological warfare in Korea in June or July. [REDACTED] COMMENT: This report supports

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recent statements attributed to the Chinese Communists of their intention to employ bacteriological weapons in the Korean theatre. The Communists, with Soviet material assistance and methods of dissemination, could implement this threat. It is felt, however, that the Communists will not use overt bacteriological warfare instruments, but that this could be a build-up for a psychological attack on the South Koreans. There is no evidence indicating actual preparations in this field.

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Continuing Enemy Air Activity in Northwest Korea. A 6 April operational summary reporting on clashes between UN and Communist jet aircraft in the Sinuiju area of the Sino-Korean border, observed that enemy pilots were more aggressive than usual, although still taking refuge across the Yalu when outmaneuvered. Furthermore, the enemy jets were observed to be shiny and appeared new. Other reports of early April state that although the jets appeared new their gun fire was for the most part inaccurate, with the exception of one or two planes out of each group which were evaluated by friendly pilots as highly accurate. (S AX 5919, 6 Apr 51; S AX 5952, 7 Apr 51; S AX 5967, 7 Apr 51). COMMENT: From these and other reports of early April, it appears that although the Communists are being successfully supplied with aircraft, there is no observable improvement in the performance of the pilots. The notable exceptions to this may indicate the participation of Soviet personnel.

"C"

JAPAN-KOREA. South Koreans Seize Japanese Fishing Vessels. The South Korean Navy has announced the capture of 30 Japanese fishing vessels during 1951, including 16 "captured" on 5 April. This action was taken for the alleged reason that the Japanese illegally crossed the "MacArthur Line" limiting Japanese fishing grounds and were found trespassing on Korean fishing grounds. (U NYHT, 9 Apr 51). COMMENT: In negotiations in early 1950 with the South Korean Government over seizures of fishing boats, SCAP made it clear that violations of the MacArthur Line were matters between him and the vessels concerned and that seizures on the high seas are in effect piracy. The Japanese are becoming increasingly disturbed over the seizures. In view of the large number of vessels involved, it is likely that SCAP will take prompt action to have the boats returned. For the future, continued seizure of Japanese vessels will not be conducive to good relations between Japan and the ROK.

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SECTION 3 (WESTERN)

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"A" FRANCE. PCF Politburo Initiates Campaign for Peace Pact in Asia. A steadily heightened war of nerves is expected by the US Embassy in Paris, following the publication 7 April in Humanite of a declaration by the French Communist Party (PCF) Politburo calling for a popular campaign in line with the World Peace Council's appeal to the Big Five "to impose the conclusion of a peace pact" in Asia. US policy is depicted as bringing on World War III by authorizing General MacArthur to bombard at will the China mainland. Communist journalist Courtade further develops the theme by asserting that, with a proposal to seize Vladivostok, for the first time US imperialist demands bear openly on the USSR itself. (C Paris 6011, 7 Apr 51). COMMENT: Since the USSR has failed during the Deputy Foreign Ministers' Conference to force an open split in Western solidarity, the Soviets may now try to rupture Western relations by means of this PCF propaganda campaign. Criticism of General MacArthur, already prevalent in the UK, Benelux and France, has to some extent already molded public opinion toward a readier acceptance of the PCF thesis.

"B" ITALY. Increasing Popular Apprehension over the Defense of Western Europe. The Italian press has been devoting much attention to what it calls the insistence of General MacArthur on taking responsibility for decisions on political matters, as well as to rumors that he may be replaced. It has also stated that the controversy in the US over the number of divisions to be sent to Europe, recently evidenced by the Senate debate, will seriously retard the formation of an effective defense force in Western Europe. (R FBIS, 9 Apr 51; R FBIS, 7 Apr 51). COMMENT: The prominence given by the press to the situation in Korea and to the slowness of US rearmament indicates growing apprehension in many sectors of the Italian public that the defense of Western Europe is being gravely jeopardized.

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UK will present
agreed to submit
 UNITED KINGDOM. New Defense Proposals Will Be Submitted to Egyptians:
 The UK Cabinet has now approved the submission of the following defense proposals to Egypt: (1) evacuation by stages of British troops from the Suez Canal Zone (presumably to Cyprus, Malta, and Libya) by 1956; (2) nominal Anglo-Egyptian control of the Suez Canal bases under lease arrangements but with the actual management of the bases remaining in the hands of British civilians; (3) an air defense pact permitting the retention of RAF squadrons and ground defense organizations in Egypt after 1956; (4) an Egyptian guarantee of the right of ~~no entry~~ for the UK and its allies in event of war; and (5) British assistance in helping build up Egyptian armed forces. (TS London 5307, 6 Apr 51). COMMENT: There has not been time yet for the Egyptians to make a formal reply to this offer; however, neither the UK Foreign Office nor the War Office are very sanguine that the proposals will be acceptable to Egypt.

"B"

FRENCH NORTH AFRICA. Nationalists Seek Support to Oust French.
 According to Aneta, the semi-official Dutch news agency, two North African nationalist leaders have arrived in Djakarta in an effort to obtain arms from the Indonesians. Habib Bourghiba, head of the Tunisian Neo-Destour Party, allegedly stated that his ultimate aim is to drive the French from North Africa and that preparations are now underway for a war of liberation. Bourghiba and Taieb Slim, influential member of the Tunisian Old Destour Party, also plan to visit the UK and US, and desire the moral support of "all the world" for their efforts. (U Djakarta 1342, 9 Apr 51). COMMENT: This visit to Indonesia probably is part of a propaganda tour undertaken by Bourghiba and Slim to keep alive the sympathies aroused in Moslem nations by the grossly exaggerated press accounts of the recent difficulties between the French Resident General and the Sultan of Morocco. Bourghiba, fiery and unstable leader of the principal Tunisian nationalist party, may be taking a radical position to impress Middle and Far Eastern Moslems, but no one is more aware than he that an uprising against the French would be extremely foolhardy since the nationalists lack the necessary following, arms, and financial and moral backing. Bourghiba's action, moreover, is not in line with the policy of his party, which is cooperating with the French in executing administrative reforms in Tunisia. While Slim's party has opposed these reforms as inadequate, it has not yet advocated violence to obtain North African independence.

"C"

ARGENTINA. Chamber of Deputies Favors Expropriation of La Prensa.
 On 9 April the Peronista (majority) bloc in the Chamber of Deputies voted to expropriate the opposition newspaper, La Prensa, after having heard the report of the joint Congressional committee that has been investigating the paper during the past month. The committee recommended that La Prensa's name be expropriated along with

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its tangible property and that the Government float a special bond issue to cover the cost of expropriation. The all-Peronista Senate is scheduled to meet on 10 April, and then it is expected that both Houses will meet jointly on 11 April to decide finally the La Prensa case. (U NY Times, 10 Apr 51). COMMENT: It is probable that the Senate action will parallel that of the Chamber of Deputies.

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CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE
DAILY DIGEST OF SIGNIFICANT S/S CABLES

10 April 1951

SECTION 1 (SOVIET)

"A" USSR: Embassy Moscow Sees Possibility of Indirect Soviet Intervention in Korean War. Embassy Moscow believes that the USSR may attempt to bolster the Chinese Communists and still avoid direct Soviet involvement in the Korean war through the device of providing "volunteer" assistance from the Mongolian People's Republic to the North Korean and Chinese Communist forces. Such an intervention would merely be the mechanism cloaking actual Soviet participation in the Korean war, since the ostensibly Mongolian units could in fact consist of Soviet army or air force units containing nations of various yellow races in the Soviet Far East and Central Asia. This intervention would be welcomed by the Chinese and could alleviate criticism which has undoubtedly developed within the Chinese Communist Party and among the Chinese people in view of heavy losses in Korea, caused by the failure of the USSR to provide sufficient planes and equipment. (TS Emb. Moscow 1768, 6 Apr 51). COMMENT: ID estimates that the Mongolian People's Republic has an army of some 30,000. This force, which has some token mechanized elements, and an air arm of sorts, could be reinforced by Outer Mongolians and other Mongolian personnel to a strength of 100,000 effective in a relatively short time. The USSR formed some homogeneous national units up to division size during the first half of World War II, but their combat record was generally poor and none were of Mongoloid races. Such national units were completely eliminated shortly after the war, and present Soviet policy is to scatter men of minority nationalities throughout the armed forces. Few of the Mongoloid nationalities would be trained in technical skills (which the Chinese Communists also lack) and any Mongolian units would be understaffed in good officers and specialists. These units would have to be specially formed, and it is doubtful that more than five well-trained divisions of Soviet Mongolians could be formed at this time. As noted in the O/CI Daily Digest of 31 Mar 51, in view of Communist China's abundance of military manpower, it would appear that, aside from such technical and specialist assistance as a force of this kind could provide, the main value of an "international army" would be to demonstrate the same kind of support for Communist China as was evidenced by token contributions from various UN members in support of US action in Korea.

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SECTION 3 (WESTERN)

"B" FRANCE-GERMANY. Proposed Solution for Saar Problem Facilitates Schuman Plan Signature. West German Secretary for Foreign Affairs Hallstein thinks most of the outstanding problems involved in the Schuman Plan can now be settled, although the relationship of the Saar to the coal-steel pool may yet prevent German ratification of the Plan. Hallstein hopes, however, to avoid mention of the Saar in the protocol of signature and will meet Schuman today in Paris to propose a separate Franco-German protocol specifying that the Schuman Plan will not prejudice the legal status to be assigned the Saar by the eventual peace treaty. In the meantime, US High Commissioner McCloy, in an effort to eliminate German hostility and offset Socialist leader Schumacher's opposition to the Plan, held a six-hour talk on 7 April with trade union representatives. (S S/S Bonn 708, 7 Apr 51). COMMENT: Although the French would ordinarily be inclined to encourage an international status for the Saar which would weaken its ties with Germany, Schuman's anxiety to implement the coal-steel pool will probably incline him toward compromise, perhaps along the lines suggested by Hallstein.

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